

Snap | 4 November 2019

ROMANIA

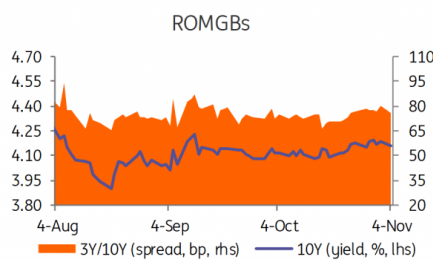
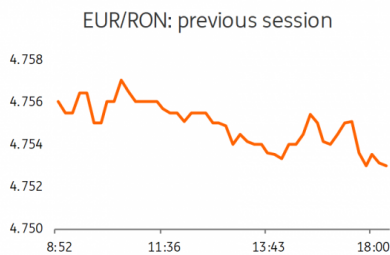
# Briefing Romania

A new government seeks Parliament backing today



Our call for today    €/RON    10yr yield    O/N implied yield

↑                      ↑                      →



Source: Refinitiv Datastream

## EUR/RON

The Romanian leu remained rock solid against the euro, trading in the same 4.7500-4.7600 range that's been holding for a while now. We expect it to remain at current levels, with the market likely keeping a close eye on political developments.

Parliament meets today to vote on the appointment of the new government after President Klaus Iohannis nominated Ludovic Orban to form a new cabinet. Media reports suggest that

social-democrats will boycott the vote. Hence, there is a risk that the quorum conditions won't be met and the government appointment will be delayed. Still, there are ongoing political negotiations for the government to gather support.

## Government bonds

Today's RON600 million Apr-2026 auction looks on track to benefit from the inclusion in the GBI-EM index last month. However, the local political context and the Ministry of Finance's propensity to upsize the allocation could mean that investors ask for some yield concessions. We expect an average allocation around 4.00%.

## Money market

Funding rates stay well anchored around the 2.50% key rate. Today's central bank deposit taking auction will likely gather more interest than last week's RON540 million which should keep funding stable.

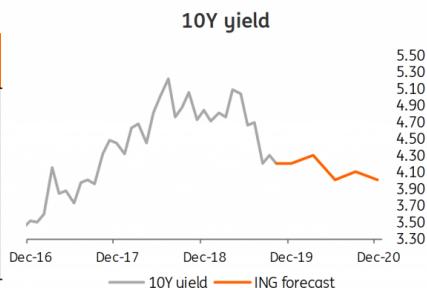
### EUR/RON forecasts (eop)

	4Q19	1Q20	2Q20	3Q20	4Q20
ING forecast	4.80	4.82	4.82	4.84	4.85
FX Forward	4.77	4.81	4.85	4.88	4.93

### Market radar

	%Ch			
	Spot	1D	1W	1M
EUR/RON	4.7520	0.0	0.0	0.1
EUR/PLN	4.2506	-0.2	-0.6	-1.9
EUR/HUF	327.85	-0.2	-0.3	-1.3
EUR/CZK	25.505	0.0	-0.2	-0.8
RO 5Y CDS*	90.2	0.1	-0.2	-0.7
ROBOR O/N*	2.53	-16	-56	4
ROBOR 3M*	2.98	-1	-6	-9

\*change in basis points; \*\*US\$ (data as at 06:32 GMT)



Source: Refinitiv Datastream, ING estimates

## Author

### Valentin Tataru

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

### Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).